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By Nina L. McNeill

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re application of:

Mark Thompson

Application No.: 09/965,667

Filed: September 26, 2001

For: SYSTEMS AND METHODS TO FACILITATE PAYMENT FOR SHIPPED GOODS

Examiner: Patel, Jagdish

Art Unit: 3624

APPELLANT BRIEF UNDER 37 CFR §1.192

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Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Appellant offers this Brief further to the Notice of Appeal mailed on May 7, 2004. This Brief is submitted in triplicate as required by 37 CFR §1.192(a).

1. Real Parties in Interest

The real party in interest is First Data Corporation.

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2. Related Appeals and Interferences

No other appeals or interferences are known that will directly affect, are directly affected by, or have a bearing on the Board decision in this appeal.

3. Status of Claims

Claims 1 – 5, 11 – 17, and 19 – 24 are currently pending in the Office Action. All the claims stand rejected pursuant to a Final Office Action mailed February 10, 2004 (paper no. 13, hereinafter "the Final Office Action").

Claims 6 – 10 and 18 were canceled, and Claims 1 – 5, 11 – 14, 16, 17, 23, and 24 were amended, during prosecution. The rejections of all the claims are believed to be improper and are the subject of this appeal. A copy of the claims as rejected is attached as an Appendix.

4. Status of Amendments

No amendments have been filed subsequent to the final rejection mailed May 7, 2004 (paper no. 13).

5. Summary of the Invention

In one embodiment, the invention relates to methods and systems for managing a noncredit transaction for a sale of goods between a customer and an Internet merchant. These embodiments make use of a geographical distribution of provider offices in such a fashion that a customer may purchase goods over the Internet without having to use a credit instrument (Application, p. 2, ll. 23 – 25). While Internet transactions are frequently performed using a credit card, there are valid reasons for both customers and merchants to prefer that the transaction not be a credit transaction. One reason that customers have for wishing not to provide credit information, particularly if they have little experience with the Internet merchant,

is the danger of interception and fraudulent use of the credit-card information (*id.*, p. 1, l. 30 – p. 2, l. 1). In the case of the merchant, the reluctance to make credit transactions is often a consequence of uncertainty that funds will be recovered in the case of international shipments.

These issues are addressed in embodiments of the invention with the plurality of geographically distributed provider offices, permitting a sale of goods to take place between an Internet provider and a customer without the need for providing credit-card information. The plurality of provider offices are affiliated with a provider that manages the transaction and provides security both to the merchant and to the customer (*id.*, p. 4, ll. 15 – 17). When a customer wishes to purchase goods from an Internet merchant, the customer orders the goods, such as from a web site maintained by the Internet merchant or by the provider (*id.*, p. 7, l. 32 – p. 8, l. 4). To make a noncredit payment for the goods, the fact that there are geographically distributed provider offices permits the customer to make a physical visit to one of the offices and make payment <u>at</u> that provider office (*id.*, p. 8, ll. 18 – 23). After payment has been made for the goods by the customer to the provider, the merchant may be notified so that it may initiate shipment of the goods directly to the customer (*id.*, p. 9, ll. 21 – 22). After notification that such shipment has been initiated, the provider may authorize payment to the merchant and accordingly transmit the payment using any of a variety of techniques (*id.*, p. 9, ll. 25 – 28).

The specific financial arrangements of this basic mechanism may vary in certain embodiments. For example, the provider may impose a service charge (*id.*, p. 8, ll. 27 – 29), the payment by the customer may be made in parts (*id.*, p. 9, ll. 16 – 20), the provider may determine currency-exchange amounts when the customer and merchant are located in different countries (*id.*, p. 10, ll. 10 – 13), and shipments may be aggregated (*id.*, p. 13, ll. 6 – 8) in different embodiments. The mechanics of the management may be handled by a suitably programmed provider computer having communications links with the plurality of provider offices and the Internet merchant (*id.*, p. 5, ll. 8 – 15).

6. Issue

Whether under 35 U.S.C. §103(a) Claims 1 – 5, 11 – 17, and 19 – 24 are unpatentable over U.S. Pat. Publ. No. 2002/0087461 ("Ganesan") in view of U.S. Pat. Publ. No. 2001/0037247 ("Haseltine"). Section 5 of the Final Office Action describes the Examiner's position on this issue.

7. Grouping of the Claims

For purposes of this appeal, the claims are considered as a single group. Appellant reserves the right outside the context of this appeal to argue independent patentability of any of the claims.

8. Argument

All of the pending claims stand rejected as unpatentable over Ganesan in view of Haseltine. To support a rejection under 35 U.S.C. §103, the Examiner is charged with factually supporting a *prima facie* case of obviousness. Manual of Patent Examining Procedure, Eighth Edition, Second Revision, February, 2004 (hereinafter "MPEP") 2142. Such a *prima facie* case requires, *inter alia*, that all limitations of the claims be taught or suggested by the cited reference(s) and that there be some suggestion or motivation to combine or modify the reference teachings as the Examiner proposes. MPEP 2143. The rejections are deficient in at least both these respects.

First, at least the following claim limitation from independent Claim 1 is not taught or suggested by either of the cited references, nor are the corresponding limitations from the independent apparatus claims, Claims 13 and 23: "recording, by the provider computer over a communications link between the provider computer and an input device at one of the plurality

of provider offices, confirmation of noncredit collection of the cost *from the customer at the one of the plurality of provider offices in accordance with the communication*" (emphasis added). In particular, neither Ganesan nor Haseltine teaches or suggests collection of a cost for a sale-of-goods transaction at one of a plurality of geographically distributed provider offices. Indeed, both Ganesan and Haseltine teach away from such collection, a factor that strongly indicates that to modify either of those references in that way is *not* obvious.

Ganesan is directed generally to a technique for providing an escrow service with an intermediary "processing agent" to be used in conducting transactions over the Internet (or other network) (Ganesan, ¶40). A transaction for the sale of goods using such an intermediary processing agent is similar to a conventional Internet-based transaction except that the purchaser is given an opportunity to select use of an escrow arrangement, such as by selecting a hyperlink on the seller's web page (*id.*, ¶132). The escrow arrangement is coordinated by the intermediary processing agent. Notably, Ganesan teaches that payment by the purchaser is performed by providing the processing agent with payment instructions that include the payment amount and identification information previously established during an enrollment procedure (*id.*, ¶ 132). This payment information may be used by the processing agent to initiate debit and credit transactions for the purchaser and seller in accordance with the escrow conditions (*id.*, ¶ 133). In this way, Ganesan teaches specifically that payment for the transaction be made by the purchaser electronically, not at one of a plurality of geographically distributed provider offices as the claims require.

Haseltine similarly teaches against payment for a transaction by the customer at one of a plurality of geographically distributed provider offices. In the context of merchant transactions (described in Haseltine as transactions with "e-tailers"), Haseltine teaches that a mechanism be provided for the return of unsatisfactory merchandise after delivery (*see generally id.*, discussion of Fig. 1). For such e-tailer transactions, Haseltine teaches that "[p]ayment is customarily achieved by credit card" (*id.*, ¶ 27), and confirms that credit payments are also expected when its exchange-facility system is used between private parties (*id.*, ¶ 55). Nothing in Haseltine teaches or suggests collection of the cost of the transaction from the customer at one of the plurality of geographically distributed provider offices. While the Final Office Action

notes that Haseltine discloses that the service provider may have a plurality of offices, the portion of Haseltine that is cited deals only with the mechanics involved in returning the goods after inspection by the customer (*id.*, ¶ 32). The "input device" noted in the Final Office Action is used for swiping bar-coded packing lists and is not involved with recording collection of the cost of the transaction by the customer.

In response to an earlier presentation of this argument, the Office has responded that "the combination of Ganesan and Haseltine would teach the feature claimed" (Advisory Action, paper no. 15), apparently conceding that the feature is not taught independently in either Ganesan or Haseltine. The basis for this assertion is that Haseltine "teaches that services are provided with the arrangement having a provider computer and associated provider offices" and "teaches that services can be rendered via remotely located provider offices"; and that Ganesan teaches "that 'instruction to effect the electronic transaction' is received via network" (*id.*). But the Office Action provides no reasoning how these isolated facts together teach the specific claim limitation. Indeed, to combine these facts as suggested would require ignoring the fact that Haseltine is limited in what types of services it teaches be rendered at remotely located provider offices — Haseltine teaches only that those offices be used in collecting or returning *goods*, not in handling the financial exchange of transaction *costs* between other parties, an entirely different aspect of the transaction. It is improper to ignore the specific teachings in Haseltine *against* using those offices for collection of the transaction cost at those offices ("A prior art reference must be considered in its entirety, i.e. as a <u>whole</u>, including portions that would lead away from the claimed invention," MPEP 2141.02, *citing W.L. Gore & Associates, Inc.*, 220 USPQ 303 (Fed. Cir. 1983), emphasis in original). As noted above, such teaching away from the limitation is provided in Haseltine with its specific teachings that credit payments be made, both in initiating e-tailer transactions and in private-party transactions. The mere fact that Ganesan teaches transaction instructions being received over a network in no way suggests a modification of how Haseltine distinguishes the functions of dealing with the goods and dealing with financial aspects of transactions.

Since neither of the cited references discloses the claim limitation, no *prima facie* case under §103 has been established.

Second, there is no motivation to combine Haseltine with Ganesan in the manner proposed in the Office Action. Such a motivation must be drawn from "the references themselves or ... the knowledge generally available to one of ordinary skill in the art." MPEP 2143. The Court of Appeals for the Federal Circuit ("CAFC") has repeatedly emphasized the need to apply the requirement that there be such a motivation rigorously, cautioning that such rigor is "the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis." *In re Dembiczak*, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). "The need for specificity pervades this authority." *In re Lee*, 61 USPQ2d 1430, 1433 (Fed Cir. 2002).

In this instance, the Final Office Action offers only the following motivation, which amounts merely to a statement of advantages of the combination claimed by Applicants:

> It would have been obvious to one of ordinary skill in the art at the time of the invention to link the provider computer (processing agent) link with a plurality of geographically distributed provider offices via a communication link and provide for recording of the confirmation of noncredit collection of the cost for the goods because this would allow the processing agent (escrow agent) to provide services to consumers without access to electronic payment and consumers located in diverse geographic locations.
> (Final Office Action, p. 4).

This conclusary statement points to nothing articulated in either of the references or anywhere else in the prior art as suggesting the combination, and actually suggests a change in the principle of operation of Ganesan, a factor that has long been recognized as evidence that the proposed modification is *not* obvious. MPEP 2143.01. As noted above, Ganesan teaches specifically that the purchaser make payment by providing the processing agent with instructions that include the payment amount and identification information previously established during an enrollment procedure (*id.*, ¶ 132). To modify Ganesan to provide a plurality of geographically distributed provider offices in lieu of the computer processor described in connection with Figs. 11A and 11B of Ganesan (*see id.*, ¶¶ 105 – 109) would greatly increase the cost of operating the intermediary processing agent and would render the extensively described registration process (*see id.*, ¶¶ 110 – 130) irrelevant. The Final Office Action fails to identify any objective teaching in the prior art or in knowledge generally available to one of ordinary skill in the art that provides

a motivation for such an extensive change in the principles under which processing agent of Ganesan operates.[1]

For this additional reason, no *prima facie* case under §103 has been established.

9. Conclusion

Appellant believes that the above discussion is fully responsive to all grounds of rejection set forth in the application. Please deduct the requisite fee of $330.00 pursuant to 37 C.F.R. §1.17(c) from Deposit Account 20-1430 and any additional fees that may be due in association with the filing of this Brief.

Respectfully submitted,

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[1] In a response to the Final Office Action, Appellant challenged the parenthetical remark that "performing merchandise transactions and payments over a communication network linking a provider of services via a plurality of geographically distributed provider offices is old and well known." (Final Office Action, p. 3). For support, the Office Action cited an example of catalog ordering at retail outlets (*id.*, p. 3), but this example does not recognize the context of Ganesan, which is directed to the use of the Internet as an alternative mechanism for purchasing goods that intentionally avoids aspects of brick-and-motor transactions (*see* Ganesan, ¶ 9). To the extent this parenthetical remark was intended to rely on Official Notice to provide a motivation for modifying Ganesan in the manner proposed, Applicant traversed such Official Notice and requested a showing of documentary proof. No such documentary proof has been provided by the Office nor has the Office provided any explanation why the traversal was inadequate. MPEP 2144.03.

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